

Message Text

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ACTION XMB-04

INFO OCT-01 AF-08 EUR-12 ISO-00 TRSE-00 COME-00 OPIC-03
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TO SECSTATE WASHDC PRIORITY 1361
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C O N F I D E N T I A L KINSHASA 0529

DEPT PASS TREASURY, EXIM, OPIC, COMMERCE

E.O. 11652: GDS 12/31/83
TAGS: ENRG, ECON, EINV, CG
SUBJECT: PETROLEUM COMPANY STATUS REPORT

REF: KINSHASA 368

JANUARY 19, TEXACO AND MOBIL REPRESENTATIVES, SEPARATELY, GAVE
US FOLLOWING ACCOUNTS AS TO STATUS OF PETROLEUM COMPANY
NEGOTIATIONS WITH GOZ:

(A) TEXACO - INTENDS TO BEGIN OPERATIONS OF ITS ZAIRIAN COMPANY
MONDAY, JANUARY 24, DESPITE THE FACT THAT IT HAS NOT YET CON-
CLUDED AGREEMENT AS TO AMOUNT AND MODALITIES OF COMPENSATION.
TEXACO BELIEVES THAT ANY COMPENSATION WILL COME PRIMARILY FROM
PROFITS OF 40 PERCENT EQUITY RETAINED BY GOVERNMENT. THEREFORE, IT
APPEARS LOGICAL TO BEGIN OPERATIONS SOONEST IN ORDER TO
REALIZE PROFITS. FURTHERMORE, THIS SHOULD REDUCE EXPENSES
PRESENTLY BEING INCURRED IN NEGOTIATING PROCESS. TEXACO HAS
NO PARTICULAR PROBLEM CONCERNING ISSUE OF WORKING CAPITAL
MENTIONED REFTEL. FINALLY, TEXACO IS SUSPICIOUS THAT PETROFINA
MAY STILL BE PLOTTING TO TAKE OVER OPERATION OF ENTIRE ZAIRIAN
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PETROLEUM SECTOR. TEXACO BELIEVES THAT ITS ACTION IN STARTING
OPERATION OF THE NEW COMPANY WILL PRECLUDE SUCH AND WILL ALSO
BRING PRESSURE UPON OTHER COMPANIES, PARTICULARLY MOBIL, TO DO
LIKEWISE.

(B) MOBIL - LOCAL MOBIL REP HAS NOT YET HAD A REPLY FROM ITS
NEW YORK HEADQUARTERS TO DETAILED STATUS REPORT WHICH HE SUB-
MITTED JANUARY 14 (SEE REFTEL). MOBIL'S PRIMARY INTEREST IS IN

OBTAINING SIGNIFICANT AMOUNT OF COMPENSATION. THEREFORE, MOBIL REP DOES NOT BELIEVE THAT MOBIL WILL AGREE TO BEGIN OPERATIONS UNTIL IT RECEIVES FROM GOZ WRITTEN ASSURANCES AS TO AMOUNT AND MEANS OF PAYMENT OF COMPENSATION. WORKING CAPITAL IS NOT A SIGNIFICANT PROBLEM FOR MOBIL.

(C) SHELL - AGREEMENT HAS BEEN VIRTUALLY COMPLETED WHEREBY MOBIL WILL OPERATE SHELL'S ZAIRIAN PROPERTIES. HOWEVER, SHELL, LIKE MOBIL, IS PRIMARILY CONCERNED ABOUT COMPENSATION AND WILL THUS PROBABLY FOLLOW MOBIL'S LEAD.

(D) PETROLFINA - ALTHOUGH AT TIME OF NATIONALIZATION FINA, OWNED APPROXIMATELY 40 PERCENT OF ALL ZAIRIAN PETROLEUM OPERATIONS, ITS NET BOOK VALUE WAS QUITE SMALL AS ASSETS HAD BEEN ALMOST COMPLETELY DEPRECIATED. AS NEW COMPANIES HAVE BEEN REORGANIZED ACCORDING TO BOOK VALUE AT TIME OF NATIONALIZATION PLUS PETROLEUM STOCKS AT CURRENT PRICES, AMOUNT OF WORKING CAPITAL ALLOCATED TO FINA IS MODEST. THEREFORE, IF FINA CANNOT CONVINCE GOZ TO GIVE IT SPECIAL CREDIT AS WORKING CAPITAL FOR SERVICE COMPANY, FINA WILL HAVE TO BRING ADDITIONAL WORKING CAPITAL INTO ZAIRE WHICH IT IS RELUCTANT TO DO.

(E) PETROZAIRE - WITH EXCEPTION OF APPROXIMATELY 10 PERCENT OF PETROLEUM PROPERTIES WHICH WILL BE INCLUDED IN NEW TEXACO COMPANY, PETROZAIRE WILL CONTINUE TO PERATE AT PRESENT PENDING CONCLUSION OF NEGOTIATIONS WITH COMPANIES OTHER THAN TEXACO.

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